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Message Text

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46
ACTION AF-18

INFO OCT-01 EUR-25 ADP-00 AID-20 EB-11 COME-00 TRSE-00

CIEP-02 OMB-01 AGR-20 STR-08 SS-15 NSC-10 L-03 H-03

CIAE-00 DODE-00 INR-10 NSAE-00 PA-03 RSC-01 USIA-15

PRS-01 RSR-01 /168 W
---------- 052049
R 251554Z JUL 73
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 2068
INFO AMEMBASSY ABIDJAN
AMEMBASSY BAMAKO
AMEMBASSY COTONOU
AMEMBASSY DAKAR
AMEMBASSY LOME
AMEMBASSY NIAMEY
AMEMBASSY NOUAKCHOTT

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E.O. 11652: N/A
TAGS: EFIN, XY
SUBJECT: FRANC ZONE: REFORM OF BCEAO

REF: A) ABIDJAN 4893; B) COTONOU 1037

1. QUAI ENTENTE DESK OFFICER THOMAS IN RECENT TOUR D'HORIZON TOLD EMBOFF THAT DURING JULY 6 LUNCHEON WHICH PRESIDENT POMPIDOU GAVE FOR VISITING HEADS OF STATE HOUPHOUET-BOIGNY AND HAMANI DIORI, PRINCIPAL SUBJECT OF CONVERSATION WAS BCEAO REFORM. ACCORDING TO THOMAS, POMPIDOU TOOK POSITION THAT FRENCH BASICALLY WILLING TO BE FLEXIBLE ONCE AFRICANS AGREED ON WHAT THEY WANTED, FOR EXAMPLE WITH REGARD TO SEAT OF BCEAO AND TREASURY ADVANCES. FRENCH HAD NO OBJECTION TO DAHOMEY BEING SEAT OF BCEAO IF THAT WAS WHAT OTHER WEST AFRICAN COUNTRIES WANTED. FRENCH TREASURY DOES NOT ANTI-
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CIPATE ANY SUCH TRANSFER IN NEAR FUTURE.

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2. MORE DIFFICULT ISSUE, BUT ONE ON WHICH FRENCH FLEXIBLE, IS PERCENTAGE OF DEPOSITS WHICH CAN BE USED TO FINANCE DEVELOPMENTPROJECTS. AT PRESENT, TEN PER CENT AVAILABLE FOR THIS PURPOSE, BUT SEVERAL STATES, NOTABLY NIGER, DAHOMEY AND TO LESSER EXTENT UPPER VOLTA, WANTED INCREASED PERCENTAGE IN RANGE 20-25 PER CENT. IVORY COAST, SENEGAL AND TOGO, ON OTHER HAND, PREFERRED LOWER RATES, AND HOUPHOUET AT LEAST WAS REPORTEDLY ADAMANT ON THIS POINT. BASIC FRENCH CONCERN IS THAT ADVANCES NOT BE OF A LEVEL TO GENERATE EXCESSIVE INFLATIONARY PRESSURES WITHIN AFRICAN COUNTRIES. GOF WILLING TO GO TO 20 PERCENT, AND EVEN, IN CASE OF POOREST COUNTRIES, ON SHORT TERM BASIS TO 25 PER CENT.

3. EMBOFF ASKED THOMAS ABOUT CURRENT VISIT TO NIGER OF FRENCH FINANCE MINISTER GISCARD D'ESTAING. THOMAS SAID THAT VISIT WAS PARTIALLY TOURISTIC, BUT WOULD ALSO PROVIDE GISCARD WITH OPPORTUNITY TO REVIEW FAMINE SITUATION AND TO DISCUSS DEVELOPMENT AND MONETARY MATTERS WITH GON. THOMAS NOTED THAT RESULTS LIKELY TO BE FAIRLY MEAGER SINCE PRESIDENT DIORI WAS STILL ON HOLIDAY IN FRANCE, AND NO DECISIONS COULD BE TAKEN IN HIS ABSENCE.

4. WHEN ASKED HOW HE SAW EVOLUTION OF FRANC ZONE IN GENERAL, THOMAS SAID THAT FOR TIME BEING HE ANTICIPATED NO FURTHER WITHDRAWALS. WEST AFRICAN COUNTRIES, AT LEAST, WERE WELL AWARE OF EARLIER MALIAN EXPERIENCE AND WERE NOW WATCHING MAURTANIAN DIFFICULTIES. ACCORDING TO THOMAS, MAURITANIAN CURRENCY ALREADY DISCOUNTED 30 PERCENT AT SENEGALESE BORDER. THOMAS DID NOT RULE OUT POSSIBILITY THAT ONE OR MORE STATES, DAHOMEY IN PARTICULAR, MIGHT PRESS IN FUTURE FOR ESTABLISHMENT OF OWN BANK OF ISSUE BUT WITHIN GENERAL STRUCTURE OF FRANC ZONE. SUCH A DEVELOPMENT, HE CONCLUDED, DID NOT SEEM IMMINENT.

DECONTROL 12/31/74.
IRWIN

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